Interim Charge 1: Monitor the agencies and programs under the Committee's jurisdiction and oversee the implementation of relevant legislation passed by the 86th Legislature. Conduct active oversight of all associated rulemaking and other governmental actions taken to ensure intended legislative outcome of all legislation, including the following:

HB 2536, which requires certain reporting requirements for drug manufacturers, pharmacy benefit managers, and health insurers on certain pharmaceutical practices, including the pricing and availability of insulin. Examine its effect on drug pricing in the market and how to increase transparency in pricing associated with delivery of drugs, such as insulin, to the end user patient.

The Texas Health and Human Services Commission (HHSC), in coordination with the Department of State Health Services, implemented the requirements of Chapter 441, Subchapter A of the Texas Health and Safety Code, as adopted by House Bill 2536, 86th Legislature, Regular Session, 2019. This update provides information specific to the implementation requirements in Subchapter A.

Drug cost data is available to the public through the newly created drug cost transparency website www.texasrx.org. By March 15, 2020, pharmaceutical drug manufacturers reported to HHS their January 1, 2020, wholesale acquisition cost (WAC) information for U.S. Food and Drug Administration approved drugs sold in or into Texas. This information was posted to the drug cost transparency website on April 15, 2020; the data is searchable and downloadable. Beginning 2021, manufacturers will submit their January 1 WAC price by January 15 of the reporting year.

For the 2020 annual WAC report, 341 pharmaceutical manufacturers submitted WAC price information for a total of 18,653 national drug code (NDC) descriptions.[1] Fifty-eight of the NDCs were for insulin manufactured by three pharmaceutical manufacturers. Insulin prices ranged from $21.76 (insulin glargine, human recombinant analog) to $3,464.14 (insulin aspart injection). The average price was $869.18. Note that insulin prices can vary based on the package size (e.g., 1 bottle versus10 bottles per package); newness of the drug; time on the market; whether or not it is an equivalent to a previous brand name drug; or costs associated with development of the drug and complexity of production.

On June 15, 2020, HHS began collecting price increase information on drugs that increased in price as specified in Chapter 441. Price increases with effective dates from January 1, 2020, through June 14, 2020, were due by August 15, 2020; that information is now posted on the drug cost transparency website. Drug price increases with effective dates after June 15, 2020, are due within 30 days of the price increase effective date; this information is posted on the drug cost transparency website within 60 days of submission. To date, none of the price increases reported represent insulin drugs.

Because Texas's drug cost transparency requirements were recently implemented and currently

[1] HHS specifically requested NDC-11 information, an 11-digit universal product identifier for human drugs in the United States that includes information about labeler, drug type (including strength) and pack size, which is the quantity (e.g., 30-count bottle, 100m units per bottle, etc.).

represent just over six months of price increase data to date, HHS examined price increase information obtained by other states with similar legislation requiring drug price increase reporting. In 2019, the Nevada Department of Health and Human Services reported that 22.4 percent of diabetes-related drugs reported to the state increased in price significantly from one or two years prior when compared to the consumer price index.[2] California requires reporting of WAC prices that increase by greater than 16 percent compared to the current quarter and two prior calendar years for drugs that cost more than $40 for a course of therapy. HHS reviewed California's publicly available data for all four quarters for 2019, and first quarter 2020, and none of the drugs with reported increases were for insulin.

Vermont, in 2018, also required drug price reporting. Vermont law requires the Department of Vermont Health Access (DVHA) to report on the 10 top prescription drugs on which the state spends significant health care dollars and for which:

- The wholesale acquisition cost has increased by 50 percent or more over the past five years or by 15 percent or more during the previous calendar year; and
- DVHA's net cost has increased by 50 percent or more over the past five years or 15 percent or more over the previous calendar year (ranked from the greatest to least net cost increase).

HHS reviewed the DVHA website and insulin was not listed as one of the drugs in either of the two reports posted on the DVHA website.

Oregon also requires drug price increase reporting. The Oregon Prescription Drug Price Transparency Act requires prescription drug manufacturers to report on prescription drugs that experienced net yearly price increases of 10 percent or more and had a price of $100 or more for a one-month supply during the previous year. In the posted 2018 report, five of the reported prescription drugs with price increases were for insulin.

As HHS continues to collect information from drug manufacturers, it will gain greater visibility into drug prices and how they change over time for the drugs sold in and into Texas. Encouraging greater compliance will help to ensure more comprehensive data to better understand drug prices in the state.

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[2] The list of diabetes-related drugs is not limited to insulin, and it does not include drugs used to treat comorbidities that are present among individuals with diabetes. Nevada Department of Health and Human Services published the 2019 essential diabetes drug list on February 1, 2019.